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ANNEX A

POLITICAL PROSPECTS FOR RENEWED SINO-INDIAN FIGHTING

The following estimate of the prospects for renewed Sino-Indian fighting during the next six months is based on contributions from DIA and CIA prepared and coordinated under the direction of INR.

I. FACTORS INFLUENCING PEIPING

A. In Favor of Renewed Attacks

Among the factors which Peiping may see as arguing for further attacks against Indian forces, the following would seem most relevant.

Rather than wait for a time when Indian probing actions and perhaps an Indian offensive could result from continued US-UK military assistance and encouragement, Peiping might consider preventive action to keep GOI forces off balance. Peiping is favored by having so wide a front on which to choose its points of pressure, thereby constantly diverting Indian attention from one sector to another.

Moreover, so long as New Delhi refuses to accept Peiping's terms in the face of Chinese Communist military withdrawal and political concessions, Indian intransigence will result in benefits for the Indian position. With no formal settlement, recurring military pressure may be seen by Peiping as the only way of reasserting Chinese Communist power and reminding India that its northern borders exist at Chinese sufferance. Mao's "fight-talk" formula might call for a "no-peace, no-war" series of alternative periods of brief clashes followed by unilateral disengagement.

Finally, Peiping may believe it has Moscow on the horns of a dilemma which can be heightened by renewed attacks on India. The greater India's need for military assistance, the more Moscow finds itself in open competition with US-UK programs aimed against a Communist country. This gives added weight to Peiping's charges against Moscow in the Sino-Soviet dispute. However, should Russian military assistance terminate, particularly under conditions of Sino-Indian conflict, the reliability of Soviet policy throughout the Afro-Asian world can be brought into question. This might undermine much of the political gain inherent in the Soviet military assistance programs to such countries as the United Arab Republic, Afghanistan, and Indonesia, thus weakening one of Moscow's main points of advantage in competing for influence with Peiping in this area.

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B. In Opposition to Renewed Attack

Among the factors likely to be seen in Peiping as weighing against offensive action along the Sino-Indian frontier, the following appear to be dominant.

First and foremost, Peiping probably sees the risk of a US-UK military response as appreciably greater than in 1962. Consultation and time have permitted both powers to determine their course of action and undertake necessary preparations in India, should they choose to intervene in renewed Sino-Indian fighting. While the immediate effect of such intervention might be marginal, it could stiffen Indian resistance and raise the possibility of eventual Indian counter-offensives with US-UK support. With this prospect, Peiping could have little hope of forcing India to terms through a new military attack.

Second, the risk of new moves by Chiang Kai-shek is appreciably greater than in the fall of 1962. Chiang's chances for exploiting discontent through guerrilla raids are best during spring and early summer before the new harvest can relieve lowered grain stocks. While Peiping is probably confident of coping with this threat in isolation, Chinese Nationalist activities could pose a more serious concern in conjunction with prolonged and escalating conflict on the Sino-Indian border. In particular, Peiping would anticipate greater levels of US support for such activities were Chinese Communist armies fighting Indian forces.

The gains to be won through major military action, so far as Peiping is concerned, probably appear questionable. On the one hand, the primary objectives of the 1962 offensive remain secure. India has been humiliated as a political and military power. Indian forces have been removed from those portions of the disputed territory which they entered in 1962. China's ability to combine force with magnanimity, manifested in its stunning victory and unilateral withdrawal, appears to have advanced Peiping's prestige at little cost so far as most Asians are concerned. And Moscow's position in New Delhi has been complicated by the Chinese charge of betrayal whereby Soviet military support to the enemy of a socialist state belies the principles of proletarian internationalism. On the other hand, Peiping probably feels renewed military attacks are unlikely to bring about formal Indian acceptance of Peiping's boundary terms and indeed, because of the US-UK factor, may consider New Delhi less susceptible to panic than in 1962.

In addition, Peiping probably considers possible political losses worth some weight at this time. In the Sino-Soviet dispute, Soviet allegations of "adventurism" have prompted a defensive reaction, especially in connection with Chinese Communist military action against India. Having successfully ended the fighting, Peiping could not renew its attack without

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exposing itself to damaging charges from its Soviet protagonist precisely when Peiping has accelerated its political offensive against Moscow's leadership of the international Communist movement. In the Afro-Asian world, the consequences are less obvious, but there is at least the likelihood that renewed Chinese Communist military action against India would strengthen the hand of such neutrals as Tito and Nasser who are attempting to swing Afro-Asian sentiment against Peiping.

C. Less Decisive Factors

Among the factors of lesser relevance which are sometimes suggested as prompting Peiping to military aggression, one in particular has current frequency. The imperatives of the Sino-Soviet dispute compel Peiping to show itself more successfully militant than Moscow. The logic of this argument is strengthened by the juxtaposition of Khrushchev's missile withdrawal from Cuba and seizure of the NEFA by Mao's forces. Yet as a general proposition, the Chinese, despite their public expressions of militancy, have acted with considerable prudence. This does not preclude the exceptional instance, such as occurred in November 1962, whereby Peiping's desire to show up Moscow as leader of the struggle against imperialism provides an added incentive to take military action in a particular situation. However, we believe this factor remains subsidiary to the weighing of immediate gains and risks involved in specific action. In addition, it must be considered by Peiping in terms of the degree to which militancy can be portrayed by Moscow as "adventurism" in the debate over leadership of the international movement.

A second factor frequently advanced as arguing for likely Chinese Communist military action is the assertion that aggression against an external enemy provides an escape-valve for internal tensions. This mobilizes sentiments of national unity at a time when economic dissatisfaction may threaten the regime's stability. Yet Peiping has so far failed to exploit its conflict with India in any manner which would support this argument. In fact, express directives to Chinese Communist newspaper editors have cautioned against any treatment of the subject which would permit such exploitation.

Still another consideration is the state of Indian-Pakistani relations. Peiping has in the past endeavored to keep India and Pakistan apart; the recent border agreement between Pakistan and the Chinese Communists was unquestionably calculated to serve this end. A break-off of Kashmir negotiations would thus be privately welcomed by the Chinese as further aggravating Indian-Pakistani tensions. This would remove one need for caution lest their military pressure produce a genuine Indian-Pakistani rapprochement which would unite the subcontinent under US-UK aegis.

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However, this alone would not directly increase the immediate threat of a Chinese move against India. If, on the other hand, the Kashmir dispute appeared to be moving toward a successful resolution, Peiping might attempt to "sabotage" the negotiations by some new blandishment directed at Pakistan. Finally, a genuine Kashmir settlement would probably reduce the likelihood of Chinese military operations against the subcontinent.

II. FACTORS INFLUENCING NEW DELHI

A. Against Indian Military Action

In view of the defeat suffered last fall, the Indians will be considerably more cautious than they were in 1962 and will try to avoid moves which might provoke Chinese counteraction. They have not sent military forces back into NEFA. In Ladakh Indian forces are stationed up to the 1959 Chinese claim line, but any advance beyond this line is unlikely. By the same token, the Indians are not likely to withdraw from their present positions.

Prime Minister Nehru may continue to stress publicly that the GOI does not feel bound by the conditions laid down by the Chinese in their unilateral cease-fire statement last fall and maintains its right to move troops back into NEFA whenever it feels this is needed. In practice, however, the Indians most likely will be content with the reestablishment of civilian administration in NEFA, including civilian police but no military forces.

The present primary aim of New Delhi's military leaders is to improve the fighting capabilities of the Indian armed forces. They can be expected to use every resource at their disposal to defend Indian territory should there be renewed Chinese attacks. However, they are unlikely to undertake any military action which could precipitate a Chinese attack while Indian forces are still weak, thus inviting another serious military defeat.

From the overall point of view of Indian foreign policy, avoidance of any deliberate provocation of the Chinese would also appear likely. Nehru's stress is still on non-alignment and on close relations with the Soviet Union as well as with the West, with both providing military aid to New Delhi. He thereby hopes to be able to exploit and perhaps intensify the Sino-Soviet rift for the benefit of India and avoid complete military dependence of India on the West. An India in open or de facto alliance with the West might, so Nehru appears to feel, force the Soviet Union to withdraw support from and perhaps enter into a closer alignment with China against India.

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For their part, the Soviets will probably try to keep their military assistance to India in a low key so long as there are no hostilities along the Sino-Indian frontier. If fighting again breaks out, the Soviets would probably offer to increase their military assistance to the Indians, including SAM's. In either event, the Soviets will probably go ahead, although at a deliberate pace, with their present commitment to build a MIG factory in India. Moscow's military assistance was both a political act against Communist China and an effort to induce India to adhere to its formal non-aligned status. So long as India endeavors to maintain some balance between acceptance of Soviet and Western aid, the Soviets will probably continue their military assistance. If US aid builds up beyond a given threshold -- the level of which the Soviets themselves may not have determined -- the Soviets might reconsider their aid after repeated warnings to New Delhi.

B. Possible Indian "Provocative" Actions

It is very unlikely that India would deliberately initiate any action it knew would lead to a strong Chinese military response. The Indians might unwittingly, however, take a series of steps which cumulatively would be regarded as provocative by the Chinese or might misjudge the seriousness of Chinese warnings against specific moves and thus inadvertently trigger vigorous Chinese counteraction.

In the absence of negotiations, the situation in the border regions will remain volatile. Indian attempts to reenforce its existing garrisons and to build new outposts in order to strengthen its defenses against another Chinese attack could be seen by Peiping as preparation for a new Indian counter-attack. If a strengthened Indian border position led in the course of time to an increased Indian willingness to carry out limited patrolling activities, particularly in the Ladakh area, this could be interpreted by the Chinese as constituting a renewal of the Indian tactics of 1962 which aimed at infiltration behind Chinese positions.

Domestically, Prime Minister Nehru will be confronted with the task of maintaining Indian unity, depicting the Chinese danger as continuing, and asserting India's rights in the border areas while at the same time following a policy of extreme caution. As time goes on, the Indian Government might feel impelled to emphasize its rights, not by any military adventure on a large scale, but by such minor action as the advance of small military forces into NEFA. The Chinese would probably publicize and protest such moves, charging Indian "provocations." It is extremely doubtful, however, that they would regard this as requiring counteraction of their own unless they had previously and independently decided to renew their attacks on Indian positions and were simply searching for an appropriate pretext. The consideration would apply to any Chinese military initiatives superficially linked to Indian "provocative" air reconnaissance flights over Chinese territory.

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III. POSSIBILITY OF RENEWED CONFLICT

A. Through Chinese Communist Initiative

We feel that Peiping places considerably greater emphasis on those factors weighing against renewed offensive action than on those factors which would favor it. On this basis we would place the likelihood of a deliberate and unprovoked Chinese Communist attack against India in the spring of 1963 as very low.

However, to the degree that Peiping feels free to discount any US-UK involvement in Indian defenses and relatively reassured against a challenge from Chiang's forces, it may react to moves which it sees as Indian "provocations" with punitive action at a time and place of its choosing. This can be increasingly important as the summer and early fall come to permit greater freedom of movement through Tibet, as the time for Chiang Kai-shek's annual "mainland fever" gradually elapses, as the domestic economic situation stabilizes on mainland China, and if Peiping interprets US-UK actions as signifying a slackening of support for and interest in Indian defenses.

Under the conditions described above, we believe the chances are somewhat higher of the Chinese Communists initiating an attack against India in the summer and fall of 1963, but that it is still unlikely in the absence of provocations.

B. Through Incidents

The most recent Chinese announcement of completing their unilateral withdrawal and of "vacating" all points in dispute offers a de facto disengagement line that the Chinese will probably strive to respect. They may rely on local agents to inform them of Indian movements in the zone of disengagement and not resume active patrolling in the immediate future. This minimizes the chances of armed encounters such as marked the course of events in 1962.

The possibility of incidents in Ladakh is greater than in NEFA. No line clearly demarcates the areas presently controlled by both sides. Communications and climatic conditions impede verification of movement on both sides. Dissidence in Tibet or in NEFA may be attributed to "enemy" instigation, perhaps correctly. Given the deep-seated mutual hostility, suspicion, and fear now existing, the volatile situation could lead to minor clashes.

Should incidents occur, the uncertainty of human responses introduces an exacerbating factor. On the Indian side the compulsion to react with a show of force would be strong. On the Chinese side, the suspicion

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that such incidents may be only a prelude to further testing of Chinese defenses may prompt a swift but serious blow.

In sum, there is a possibility of incidents arising which could escalate into major action in the border region. However to the extent that both sides respect a genuine zone of disengagement, this possibility is lessened.

IV. PROSPECTS FOR NEGOTIATIONS

A. Peiping and the Colombo Proposals

The Chinese Communists seem less inclined than ever to accept the Colombo proposals that were to secure a stable cease-fire arrangement after which direct Chinese-Indian negotiations might begin. Peiping apparently reasons that acceding to Nehru's much-publicized demands that China accept the proposals without reservations might be interpreted as agreeing to one form of "international arbitration," something that Peiping has firmly refused. Having unilaterally established a cease-fire and a de facto disengagement line that almost coincides with the Indian demands, China is more likely now to avoid further mediation for the next six months, during which time it can assess its domestic strength and the international situation. Without acceptance of the Colombo proposals, Peiping remains free to move in any direction it may choose at a later date.

B. New Delhi's Position

The Indian Government is highly unlikely to seek border negotiations with the Chinese during the coming months except on the condition which it has laid down repeatedly in recent weeks, namely, that Communist China accept the Colombo proposals without reservation. For New Delhi to seek such talks without full Chinese acceptance of the Colombo proposals would be regarded in India as a display of weakness which would be highly damaging to Indian prestige. Moreover, any retreat from the present Indian position would have serious repercussions in domestic political terms both for the Government and the Congress Party.

The Indian attitude toward border talks will, of course, be affected to some extent by Indian estimates of the extent of Western, and especially US, support. However, even if Western material assistance fails to meet their expectations, Nehru and his associates are likely to remain firm in their refusal to negotiate except on the terms already publicly indicated. They probably anticipate that whatever policy the US might adopt with regard to assisting in a long-term build-up of Indian military strength, it could again be relied upon for emergency help to stem a Chinese invasion.

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ANNEX B

MILITARY FACTORS AND US/UK AID

I. CHINESE COMMUNIST MILITARY CAPABILITIES

A. Chinese Ground Strength

Chinese Communist combat forces in southwest Sinkiang and in Tibet total about 100,000. It is estimated that they can increase their build-up along the Sino-Indian frontier to approximately 200,000 men. Peiping can supply this force with 1600 tons per day over the road net of which 450 tons per day are allotted for air operations. Because of logistical difficulties on the Indian side of the border, the maximum number of combat troops the Chinese could employ in simultaneous attacks all along the frontier would be approximately 160,000, or the equivalent of about 12 infantry divisions.

Whatever may be the long-term Chinese aspirations regarding the sub-continent, however, Peiping's present military threat to India does not extend beyond the Himalyan foothills, save that the Chinese Communist Army can cut off, capture, and hold a salient north of the Brahmaputra River in the vulnerable province of Assam so long as India relies solely on its own military resources.

B. Climate

In the eastern monsoon area (including all NEFA), from mid-October to mid-December is the most favorable season for military operations. In the spring, March and early April permit military operations and the use of road supply routes. However, heavy rainfalls occur in May and the monsoons extend from June to September.

In the Himalayas and the Central Plateau, autumn again is the best season for military operations. The spring (April and May) is the most difficult season for operations and the transport of supplies. However, summer (June to September) is a favorable period for both, save in Western Ladakh. Winters are severe in temperature but road capacities are near optimum.

C. The Ground Threat

Although the Chinese can support seven light divisions in the Aksai Chin area, the poor road net in Kashmir reduces this support capability to one and a third divisions in an attack through Ladakh. The most favorable route would be from the southeast via Chushul and Shyok against Leh. However, an advance as far as Srinagar would be beyond the capacity

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of an initial attack force. Should the Chinese move against Nepal, they could take the major valley approaches to the country and seize Katmandu.

A major attack in the east would aim at disrupting Indian communications with Assam by either (1) seizing the communications centers of Siliguri or Hasimara, or (2) establishing a salient in the area of Gauhati, west of Tezpur on the Brahmaputra River. If they can build roads through Bhutan rapidly enough to sustain the Gauhati attack, the Chinese could then stockpile sufficient supplies in the salient to support their troops throughout the winter.

The road net via the Chumbi Valley through Sikkim to Siliguri can support two light divisions. With improvements, taking two or three months, this route can sustain three light and two standard infantry divisions. However, the logistic support of the Siliguri area would be very difficult in the winter, almost certainly requiring a partial withdrawal and a reduction of strength.

Seizure of the Gauhati salient by an attack through the western NEFA region would be able to utilize the transportation system north of the Brahmaputra River. An advance through the extreme southeastern corner of Bhutan, with road improvements, would enable the Chinese to advance on Gauhati with two light divisions. It seems likely that with control of at least part of Assam, the Chinese would be able to draw upon local sources of supply, thereby reducing their dependence upon shipments from the north. It is also possible that given the time to consolidate their positions in the Gauhati area, the Chinese will be able to stockpile and reinforce with additional troops in order to exploit a further advance and break-through south of the Brahmaputra River.

D. The Air Threat

Although the Communist Chinese Air Forces are numerically large (2,650 aircraft), most of the aircraft are obsolescent, few have an all-weather capability, they lack advanced weapons such as air-to-air missiles, and pilot combat proficiency is only fair. Moreover, China is unlikely to obtain more than a few modern combat aircraft in the next few years, either from its own industry or from the Soviet Union.

The Chinese Communists could deploy and support approximately 290 tactical aircraft for operations against India without seriously weakening their defense posture toward Nationalist China. These would include 180 MIG-15 and MIG-17 jet fighters, 50 IL-28 jet light bombers, and 60 TU-4 piston light bombers. In addition the Chinese could use some of the 15 TU-4 piston medium bombers from rear bases. However, the Communists' ability to wage a prolonged tactical air campaign against India would be seriously handicapped by difficulties in the provision

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of logistic support, primarily POL, to advanced airfields in Tibet and southern Sinkiang. The scarcity of suitable airfields in Tibet and Sinkiang would constitute an added hindrance, although the Chinese have demonstrated in the past that they are capable of rapid airfield construction.

The Chinese could mount only light, sporadic raids against India with piston bombers -- TU-2s and TU-4s -- and such aircraft, if detected, would be highly vulnerable. However, their IL-28s would be more effective against certain Indian targets in NEFA and Ladakh in sustained operations and could be employed in token daylight bombing raids on Calcutta and New Delhi.

Although Chinese air defenses in the Himalayan frontier area generally are weak, the Chinese early warning system along the frontier has been substantially improved and the Chinese Air Force could provide some defense for a few localities along the frontier. The six airfields in the Sinkiang-Tibetan area most likely to be used in operations against India would be vulnerable to air attack. However, this alone would probably not deter the Chinese from mounting operations from them.

The Chinese are capable of undertaking limited airborne operations although these also would be hampered by lack of logistical support, shortages of trained aircrews, and lack of suitable aircraft with a "heavy drop" capability.

In sum, because of the general weaknesses of the Chinese Air Force in equipment and combat proficiency, the very formidable difficulties of maintaining logistic support over extended lines of communication and the problem of mounting operations from inadequate bases in the Himalayan area, Communist China appears to pose only a limited air threat to India over the next six months.

E. Soviet POL As a Lever on Peiping

The main remaining economic lever the Soviet Union appears to have against Communist China is its supply of POL, particularly aviation gas and jet fuel. Chinese POL imports have fallen from 3.2 million tons in 1961 to 1.9 million tons in 1962, but so far as we know, this was at Chinese initiative. Military POL supplies, however, were not reduced during this period. Thus almost all fuel for the Chinese Air Force continues to be supplied by the USSR. To some extent, this may be a matter of Peiping's choice, perhaps because of cost considerations.

Technically, there appears to be little reason why Peiping could not produce a low-paraffin content kerosene suitable for jets. Production of high-octane aviation gas might be much more difficult but would only

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affect Peiping's airlift capability since virtually all its fighter and bomber forces are jet. Nevertheless, if Soviet supplies were to be cut off, the Chinese at a minimum would have to shift some of their current POL output from other areas, would probably produce the fuel both less efficiently and at a higher cost, and would still find themselves short of some fractions they do not have a capability to refine.

Perhaps because they are aware that their "lever" is not as powerful as it might seem, the Soviets have shown no inclination to employ it. The Soviets might shut off supplies if the Sino-Soviet dispute extends more openly into state and economic relations. However, recent indicators suggest that Moscow wishes to avoid any such extreme move which would represent an unequivocal break for which the Soviets would have to bear the responsibility.

If the Soviets were seeking the easiest way of cutting off Chinese POL with the maximum political side benefits elsewhere in the world, the occasion offered by a new, large-scale Chinese attack along the Indian border might present such an opportunity. Even under these circumstances, however, there is no assurance that the Soviets would take this course.

The elimination of Soviet POL would severely hamper Peiping's capability of waging a full-scale military effort on several fronts using all its ground combat forces and its air force. However, it would have virtually no effect on Peiping's ability to undertake isolated military operations against India, aside from the increased caution which concern over a simultaneous attack from the Republic of China would produce. The Chinese Communists can meet the POL needs for their ground forces from their own production and, even in a prolonged conflict involving air power, the POL consumption of the aircraft which they would probably use in the border area would not seriously strain their reserves.

In peace Peiping could probably develop alternate sources of supply for POL outside the Bloc. These would, however, be highly vulnerable to interdiction under conditions of war since control of all sea access routes to Communist China would be held by potential enemies of the Peiping regime.

II. INDIAN MILITARY CAPABILITIES AND US AID

A. Ground and Air Strength

Indian armed forces have not moved back into the areas from which they were expelled in last fall's action. This includes the entire NEFA. With these shorter lines of communication, regrouping, and the contributions of US-UK/Commonwealth aid, the Indians should be able to give a

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better account of themselves than in previous engagements with the Chinese. The Indian Army now has considerably more fire power, adequate cold weather clothing, somewhat better communications, and improved transportation.

In spite of these improvements, however, the Indian forces probably would not be able to contain completely any renewed Chinese attacks this spring, but would be forced to give ground until more defensive positions were reached. The proper employment of forces in forward areas, particularly the NEFA, could limit terrain losses to those which might be acceptable in a trade for time while India developed its economic and military power for ultimate victory. In the interim, however, its ability to contain Chinese Communist attacks is still limited by the following factors:

1. Inadequate roads, trails, airlift and airfields hamper support of forward units and delay reinforcement of threatened points. The full effect of US efforts to assist the Indian Air Force in improving its air transport capability and to improve the Indian road net will not be felt before late 1963 at the earliest.
2. Indian military communications remain inadequate; US-UK assistance has only partially met the requirements in this area.
3. The logistics systems of both the Indian Army and Air Force require overhaul and modernization. At present, these operations do not permit the most effective utilization of equipment on hand nor do Indian armed forces have the capability to maintain and repair additional equipment at US standards.
4. The absence of active patrolling and other routine intelligence operations limits the reliability of Indian estimates of Chinese capabilities as well as the Indian response to Chinese initiatives.

The full employment of Indian air forces would enhance Indian capability to contain renewed Chinese attacks. While such use would open up the possibility of Chinese counteraction, the Indian Air Force has the initial advantage of operating from airfields at lower altitudes with better access for logistic support. Thus we believe that the Indians, especially with outside assistance, could hold their own in air operations for a much longer time than a comparison of the overall Indian-Chinese Communist air strength would indicate.

B. US-UK Military Assistance

India's inability to achieve operational readiness in the months after the Chinese attacks of 1962 is not a result of known deficiencies in the assistance provided to date or the US/Commonwealth program of aid

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currently being developed. It results instead from the amount of time required to survey, program, procure, and render operational resources, equipment, and facilities of the magnitude required. We note that India neglected its defense establishment over a period of many years, and that it faces a powerful, experienced, and determined opponent who retains the strategic initiative.

In order to meet the specific problems which limit Indian capabilities, we propose that the following equipment and services, in addition to the \$39.9 million already committed and within the agreed Nassau ceiling, be provided within the next sixty to ninety days:

	<u>(\$Millions)</u>
a. Increase in ammunition reserves from a 60 to 90 day level of supply.	3.0
b. Authorization for 10% maintenance float/war reserve to back up US equipment provided.	1.2
c. Provision of 24 C-119 aircraft with spares (subject to availability).	6.7
d. Air Force communications equipment (less air defense).	4.0
e. Air field improvement.	2.0
f. Medical equipment.	0.1
g. Engineer road-building equipment.	0.9
h. Air drop equipment.	0.1
i. Air transport from United States of certain critical items to include certain Army signal items and thirty R-3350-89A engines for C-119 aircraft.	1.0
j. Continuation of C-130 airlift in India through 30 June 1963.	1.5
k. Miscellaneous services and support primarily for IAF maintenance capacity.	
TOTAL (above \$39.9 million)	<u>20.5</u>

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The supply of these items brings us to the limit of the \$60 million ceiling. If other items are required to meet the functional targets of the Nassau commitments, such as additional transport aircraft or road building equipment, we should take immediate steps with the British to define new limits. In this regard, there should be an early decision on the recommendations of the US/Commonwealth Air Defense Mission recently returned from India. These recommendations are expected to be received in Washington in the near future. It has been agreed that the cost of any US contribution in this field will be outside of the \$60 million ceiling. In the meantime, in accordance with the Nassau agreement, the UK should be requested to take immediate action for improving present Indian day-fighter capability, including the supply of spare parts, technical assistance, and attrition aircraft. Further, the UK should make arrangements with the Indian Government for improvements in existing radar units.

There should also be an early decision with respect to US contributions to the Indian Defense Production effort. The report of the US Defense Production Team, which has recently completed its work in India, will be available shortly.

Beyond these proposals, we doubt that a feasible crash action program would shorten materially the time required for the build-up of the Indian armed forces to a point where they could successfully repel a determined Chinese Communist attack. In the interim, reliance must be placed on trading space for time or, in the event of a major penetration, upon US/Commonwealth willingness to commit forces contingent upon the situation existing at the time.

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